BEFORE THE U.S. DEPARTMENT OF ENERGY Washington, D.C. 20585

In the Matter of:)	
Chigo Electrical Appliances (USA) Inc., and Guangdong Chigo Air Conditioning Co., Ltd. (dehumidifiers))	se Numbers: 2019-SE-36003 2017-SE-36003 ase Number: EEE-23-0001

ORDER

For the U.S. Department of Energy ("DOE"):

- 1. On January 6, 2023, under the above-listed DOE Case Numbers, DOE issued a Notice of Proposed Civil Penalty to Chigo Electrical Appliances (USA) Inc. ("Respondent Chigo USA") for knowingly distributing in commerce in the United States dehumidifiers that failed to meet the applicable federal energy conservation standard.
- 2. Dehumidifiers are covered products pursuant to 42 U.S.C. §§ 6291(34), 6295(a), and 6295(cc) and 10 C.F.R. § 430.2 and are subject to federal energy conservation standards set forth at 42 U.S.C. § 6295(cc) and 10 C.F.R. § 430.32(v).
- 3. Failure to submit to DOE a certification report for a basic model of a new covered product in accordance with 10 C.F.R. § 429.12 is a prohibited act pursuant to 10 C.F.R. § 429.102(a)(1).
- 4. Pursuant to 10 C.F.R. § 429.120, knowing violations of 10 C.F.R. § 429.102(a)(1) are subject to civil penalties, and each day that a manufacturer fails to submit to DOE a certification report for a basic model is a separate violation.
- 5. Distribution in commerce by a manufacturer of any new covered product that does not comply with an applicable energy conservation standard is a prohibited act pursuant to 42 U.S.C. § 6302(a)(5) and 10 C.F.R. § 429.102(a)(6).
- 6. Failure to test any covered product subject to an applicable energy conservation standard in conformance with the applicable test requirements prescribed in 10 C.F.R. part 430 is a prohibited act pursuant to 10 C.F.R. § 429.102(a)(2).
- 7. Pursuant to 10 C.F.R. § 429.120, knowing violations of 10 C.F.R. § 429.102(a)(2) and (6) are subject to civil penalties, and each unit of a covered product distributed in violation of either paragraph is a separate violation.

- 8. On December 2, 2022, pursuant to 10 C.F.R. § 429.124(c), DOE referred this case to an Administrative Law Judge ("ALJ") by filing a Complaint with the DOE Office of Hearings and Appeals ("OHA") and serving the Complaint on Respondent Chigo USA.¹
- 9. On February 27, 2023, pursuant to Section 13 of DOE's Procedures for Administrative Adjudication of Civil Penalty Actions, DOE filed an Amended Complaint with the OHA to add Guangdong Chigo Air Conditioning Co. Ltd. ("Respondent Guangdong Chigo") and served the Amended Complaint on both Respondent Chigo USA and Respondent Guangdong Chigo.
- 10. On August 8, 2023, the ALJ issued an Initial Decision in which the ALJ found that Respondent Guangdong Chigo was jointly and severally liable for Respondent Chigo USA's acts; both Respondents distributed in commerce in the United States a covered product, specifically dehumidifiers, that did not comply with the applicable energy conservation standard; and both Respondents failed to test those dehumidifiers for compliance with the applicable energy conservation standards. The ALJ also found that the Respondents are liable for a civil penalty and recommended that Respondents jointly and severally be assessed a civil penalty of \$3,092,580.
- 11. On August 30, 2023, the ALJ issued a Supplemental Order amending the Initial Decision. In the Supplemental Order, the ALJ found that both Respondents knowingly failed to certify the dehumidifiers and thus knowingly violated 10 C.F.R. § 429.102(a)(1); knew or should have known that they had failed to test the dehumidifiers in accordance with the applicable test requirements in 10 C.F.R. part 430 and thus knowingly violated 10 C.F.R. § 429.102(a)(2); and distributed in commerce in the United States dehumidifiers that they knew or should have known did not comply with the relevant energy conservation standard and thus knowingly violated 10 C.F.R. § 429.102(a)(6).
- 12. Based on the information above, I find that Respondents knowingly committed Prohibited Acts by knowingly failing to certify covered products, knowingly manufacturing and distributing in commerce covered products that did not comply with the applicable energy conservation standard, and knowingly failing to test those covered products in accordance with the applicable test requirements in 10 C.F.R. part 430. *See* 42 U.S.C. § 6302(a)(5); 10 C.F.R. §§ 429.102(a)(1), (2), and (6).
- 13. Accordingly, pursuant to 10 C.F.R. § 429.120 and 42 U.S.C. § 6303, I **HEREBY ASSESS** a civil penalty of \$3,092,580 (three million, ninety-two thousand, five hundred and eighty dollars) **AND ORDER** that the August 8 Initial Decision and August 30 Supplemental Order attached to this Order are adopted.

Samuel T. Walsh	
General Counsel	

¹ The ALJ subsequently assigned OHA Case Number EEE-23-0001 to this civil penalty action.